

**Capital Project Matching Grants Program**  
**Department of Community and Economic Development**  
**Program 4**

**I. PROGRAM OBJECTIVES**

Authorized under Alaska Statute 37.06.020, these grants are made to eligible unincorporated communities for the capital projects. Capital projects are those with a cost exceeding \$10,000 to acquire or improve an asset with an anticipated life exceeding one year. Capital projects include, but are not limited to, land acquisition, construction, repair or structural improvements to a facility, engineering or design for a facility, and acquisition or repair of equipment.

**II. PROGRAM PROCEDURES**

By October 1 of each fiscal year, a selected entity within the eligible unincorporated communities submit a listing of prioritized capital projects requested to be funded under the program the following fiscal year. Funds for projects are appropriated by the Legislature. The Department then executes a grant agreement with the selected entity for the appropriated projects. The grant recipient is required to provide a local contribution for a portion of each capital project awarded.

**III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES**

**A. TYPES OF SERVICES ALLOWED OR UNALLOWED**

Compliance Requirement

Grant funds can be expended for capital projects. The grant agreement will specify the specific activities to be paid with grant funds.

Suggested Audit Procedures

- Test expenditure and related records.

Compliance Requirement

No more than 10 percent of the total amount of a grant for land acquisition, or planning, design, construction or repair of a facility may be used for administrative expenses. No more than 5 percent of the total amount of a grant for equipment or equipment repairs may be used for administrative expenses.  
AS 37.06.020(f); 3 AAC 155.100

#### Suggested Audit Procedures

- Review the grant agreement to identify the amount of administration allowed and test expenditure and related records to verify the limitation on maximum amount of administrative expenses charged to the grant was not exceeded.

#### B. ELIGIBILITY

The auditor is not expected to make tests for recipient eligibility.

#### C. MATCHING, LEVEL OF EFFORT, AND/OR EARMARKING REQUIREMENTS

##### Compliance Requirement

Under this program, unincorporated communities are required to provide matching funds for a portion of the capital project. The grant agreement will specify the amount of local matching share that the unincorporated community must provide and will specify the types and amounts of the matching share. AS 37.06.030(b); 19 AAC 55.060

#### Suggested Audit Procedures

- Review the grant agreement, identify the types and amounts of match required, and review the grantee's accounting and other records to verify the amount of the match claimed was provided.

#### D. REPORTING REQUIREMENTS

##### Compliance Requirement

The grant agreement will specify the reporting requirements to which the grantee must adhere.

#### Suggested Audit Procedures

- Examine copies of the reports and determine completeness of submission in accordance with the grant agreement.
- Trace data in selected reports to underlying documentation.

#### E. SPECIAL TESTS AND PROVISIONS

##### Compliance Requirement

Grant activities must occur within the start and end dates of the grant agreement and any amendments.

#### Suggested Audit Procedures

- Review the grant agreement and any amendments and review grant related activities to verify they were within the end and start dates.

#### Compliance Requirement

Site control must be demonstrated for capital projects, facilities, or other forms of property that are built, acquired, or used in capital projects. 3 AAC 155.090

#### Suggested Audit Procedures

- Review documentation maintained by the grantee in support of site control for the capital project, facility or other form of property, and verify the documents demonstrate adequate control to allow the grant activities.

#### Compliance Requirement

The grant agreement will specify any special provisions or requirements to which the grantee must adhere.

#### Suggested Audit Procedures

- Review the grant agreement, identify any special provisions or requirements, and verify they were met.

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